

Lesson 18.1 The Expanding World Economy

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T 1. Most of the products and services produced in the world are still consumed by people in the countries where they are produced.
- F 2. The amount of international trade has remained steady since 2000.
- T 3. Years ago, raw materials made up almost all of the products traded between countries.
- T 4. Today, international trade in services is growing faster than trade in products.
- F 5. One reason businesses get involved in international competition is that they can't find adequate competition in their home markets.
- F 6. The process of international trade is so difficult that few businesses can be successful.
- T 7. Many states have trade promotion offices to help businesses develop markets in other countries.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- C 8. Products and services sold to another country are
A. imports
B. excess inventory
C. exports
D. all of the above
- A 9. Some business people may choose not to become involved in international trade because
A. selling products in other countries appears to be complicated
B. international laws do not encourage trade between countries
C. most foreign consumers prefer products produced in their own countries
D. only very large and experienced businesses can be successful in international trade
- D 10. The government provides support for U.S. businesses through
A. embassies in most countries
B. the Small Business Administration
C. the U.S. Department of Commerce
D. all of the above

Activity 1 • Exports and Imports

Directions: The amount of exports and imports varies considerably from country to country. Use the library or Internet to find the most recent information on the dollar value of exports and imports for each of the countries to complete the table below.

Answers will vary. The CIA World Factbook is an excellent source of the information. Several answers are shown using 2006 data.

Country	Exports (mil.)	Imports (mil.)	Country	Exports (mil.)	Imports (mil.)
Israel	\$ 43,730	\$ 46,960	Argentina	\$ 46,460	\$ 32,590
Ireland	104,700	72,790	Bangladesh	11,160	14,750
Austria			Belgium		
Uganda			Bolivia		
Hungary			Brazil		
India			Canada		
Egypt			China		
Sudan			Cuba		
New Zealand			Denmark		
Singapore			France		
Malaysia			Germany		
Ecuador			Guatemala		
Norway			Italy		
Zambia			Kenya		
Pakistan			Mexico		
Peru			Morocco		
Switzerland			Poland		
Russia			Sweden		
Japan			Uganda		

Activity 2 • Exporting Products

Directions: Select one of the countries identified in the previous activity other than the United States. Identify the major products and materials the country currently exports and imports.

Country: Answers will vary.

Exports: Answers will vary.

Imports: Answers will vary.

Lesson 18.2 How Businesses Get Involved

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- F 1. A company involved in indirect exporting sells products to a business in one country where they are then exported to a second country.
- T 2. A negative balance of trade demonstrates that businesses from other countries are satisfying the needs of consumers better than the country's own businesses.
- F 3. In 2006, the United States was the world's leading importer and exporter.
- F 4. Today, most companies try to produce products in the countries in which they will be sold.
- T 5. The United States is an attractive country in which foreign businesses like to invest.
- T 6. Multinational companies have operations throughout the world and conduct planning for worldwide markets.
- F 7. Multinational companies generally compete with the same set of competitors in every country where they sell their product and services.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- D 8. The difference between the values of a country's imports and exports is its
 - A. gross domestic product
 - B. gross national product
 - C. foreign investments
 - D. balance of trade
- C 9. When independent companies develop a relationship to participate in common business activities, this is known as
 - A. a foreign investment
 - B. a multinational company
 - C. a joint venture
 - D. normal business operations
- B 10. A foreign investment occurs when
 - A. a consumer purchases a product manufactured in another country
 - B. an existing business in another country is purchased
 - C. products are manufactured in another country
 - D. someone in another country purchases an item made in the United States

Activity 1 • Exchanging Money

Directions: Every day, products and services from one country are sold in another one. The sale often requires converting the currency of the buyer to that of the seller. Currency exchange rates are established by international financial institutions to determine the value of each currency. Locate a currency exchange converter on the Internet and use the converter to complete the following table with the most recent currency exchange data. Then, use the information to answer the questions that follow.

Answers will vary based on the current exchange rate.

	U.S. Dollar	Bahrain Dinar	Brazil Real	Canada Dollar	Germany Euro	India Rupee	Japan Yen	South Africa Rand	United Kingdom Pound
U.S. Dollar	1								
Bahrain Dinar		1							
Brazil Real			1						
Canada Dollar				1					
Germany Euro					1				
India Rupee						1			
Japan Yen							1		
South Africa Rand								1	
United Kingdom Pound									1

1. Juniper Inc. in Canada purchased 16 planes from an American company for \$415,000 each in U.S. dollars. How much did the company pay in Canada dollars? _____
2. My Maps in Brazil purchased 150 maps from a German company for a total of 525 German Euros. How much did the company pay in Brazil Real? _____
3. Sherman Airborne Promotions in the United States purchased a dirigible from a Bahrain company for 3,628,000 Bahrain Dinar. How much did the company pay in U.S. dollars? _____
4. Faster Flycycles in South Africa purchased 1,200 bicycles from an India company for 720 Rupees each. How much did the company pay in South Africa Rands? _____

Lesson 18.3 Understanding International Markets

LESSON QUIZ

Directions: For each of the following statements, if the statement is true, write a T on the answer line; if the statement is false, write an F on the answer line.

- T 1. The concept of a market in other countries is the same as the concept of a market in the United States.
- F 2. It is not necessary to develop a unique marketing mix to sell products in another country.
- F 3. Preindustrial countries most often export manufactured goods.
- F 4. Today, most countries have postindustrial economies.
- F 5. A country's gross domestic product is the same as its gross national product
- T 6. An increasing standard of living is a sign of a strong economy because more jobs are available and wages are increasing.
- T 7. Quotas are limits on the numbers of specific types of products that foreign companies can sell in the country.

Directions: For each of the following items, decide which choice best completes the statement. Write the letter that identifies your choice on the answer line.

- D 8. Countries with preindustrial economies
 - A. provide opportunities for foreign businesses
 - B. seek help developing manufacturing capabilities and distribution systems
 - C. want to improve their standard of living
 - D. all of the above
- A 9. A country's purchasing power decreases
 - A. as a result of inflation
 - B. if its standard of living increases
 - C. if productivity increases
 - D. all of the above
- B 10. When adjusting a marketing mix for a product to be sold in an international market, a company should
 - A. not change the product or service
 - B. make sure salespeople understand specific customs and the culture of the country
 - C. use a bank in its home country rather than a foreign bank
 - D. avoid using the Internet since it is not well developed in most other countries

Activity 1 • Exporting Gum to the United States

Directions: Assume you are a foreign exporter planning to introduce a new brand and flavor of chewing gum to the United States. Using your knowledge of U.S. markets, complete the following chart of marketing functions to describe what you would do to bring your product here.

Marketing Function	Description of Activities
Market Planning	<i>Target a specific group looking for something new and different that already has a high demand for chewing gum.</i>
Product and Service Management	<i>Develop a chewing gum flavor, brand name, image, and packaging that is unique from others in the market.</i>
Marketing-Information Management	<i>Conduct research in the U.S. markets to determine what markets exist, people's experience with and perception of chewing gum, unique needs of consumers, the nature of competition, and the characteristics of the U.S. economy.</i>
Selling	<i>Identify wholesalers and retailers that can sell the chewing gum. Hire salespeople with an understanding of the U.S. market to call on those businesses to develop channels of distribution.</i>
Financing	<i>Work with U.S. banks or other sources to get the necessary financing for the exporting activities. Extend credit to wholesalers and retailers if needed.</i>
Promotion	<i>Understand the decision-making process used by those in the target market and how and where they purchase chewing gum. Work with a U.S. advertising agency to plan a creative strategy and to implement an advertising and promotion plan.</i>
Risk Management	<i>Insure the product for transportation to the United States. Develop strategies to prevent damage and loss during the distribution process.</i>
Distribution	<i>Decide how the product will be transported from your country to the United States and distributed to the retailers once it is in the United States.</i>
Pricing	<i>Include the cost of exporting activities in the price to be charged and be aware of the effect of currency exchange rates on profits. Develop a pricing policy for wholesalers, retailers, and final consumers.</i>